

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

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## MEMORANDUM

TO: Cambridge Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: August 29, 2016

This Commission is hereby furnishing you with approval of the funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made on January 1 of each fiscal year. The schedule is effective in FY17 (since the amount under the prior schedule was maintained in FY17) and is acceptable under Chapter 32.

This schedule reflects a reduction in the investment return assumption from 7.875% to 7.75% and the adoption of a fully generational mortality assumption.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



## SECTION 2: Valuation Results for the City of Cambridge Contributory Retirement System

CHART 16

### Funding Schedule

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Remaining Unfunded Liability	(4) Total Plan Cost: (2) + (3)	(5) Additional Payment	(6) Total Unfunded Accrued Liability	(7) Increase Over Prior Appropriation
2017	\$11,089,317	\$28,658,574	\$39,747,891	\$300,000	\$262,523,966	5.8500%
2018	11,527,942	30,545,201	42,073,143	300,000	252,809,793	5.8500%
2019	11,983,764	32,550,658	44,534,422	300,000	240,384,401	5.8500%
2020	12,457,454	34,682,232	47,139,686	300,000	224,914,323	5.8500%
2021	12,949,706	36,947,652	49,897,358	300,000	206,032,683	5.8500%
2022	13,461,243	39,355,110	52,816,353	300,000	183,336,148	5.8500%
2023	13,992,814	41,913,296	55,906,110	300,000	156,381,626	5.8500%
2024	14,545,199	44,631,418	59,176,617	300,000	124,682,662	5.8500%
2025	15,119,207	47,519,242	62,638,449	300,000	87,705,544	5.8500%
2026	15,715,679	46,271,143	61,986,822	300,000	44,865,060	-1.0403%
2027	16,335,487	--	16,335,487	--	--	-73.6468%

Notes: Recommended contributions are assumed to be paid in the middle of the fiscal year

Assumes contribution of budgeted amount for fiscal year 2017.

Item (2) reflects 3.5% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for new hires.